

<b>Applicant Name</b>	Montana Department of Natural Resources and Conservation (DNRC), Trust Land Management Division (TLMD)
<b>Project Name</b>	Reliance Refinery

#### **Project Abstract**

Kalispell Pole & Timber, Reliance Refinery, and Yale Oil Facilities together comprise a state superfund Comprehensive Environmental Cleanup and Responsibility Act (CECRA) site under the regulatory authority of the Montana Department of Environmental Quality (DEQ). The site is in the City of Kalispell. The State of Montana owns the Reliance Refinery site and leased it out for refinery operations from the 1930s to the 1960s. The state was one of several potentially liable parties sued by the DEQ under state superfund law. CECRA statutes encourage settlement of claims. The State of Montana, through the DNRC-TLMD negotiated a settlement agreement with the DEQ, which acknowledged the State's partial liability for site remediation and indemnified the state from cross-claim litigation from other potentially liable parties. Pursuant to the CECRA, any such settlement must be made available for review and comment by other potentially liable parties and the public and must also be approved by the court having jurisdiction. Burlington Northern & Santa Fe Railroad (BNSF), also a potentially liable party, opposed the court's approval of the DNRC-DEQ consent decree, alleging it was favorable to the state as landowner, and adverse to the BNSF. The Montana First Judicial District Court reviewed the consent decree and BNSF's opposition testimony and exhibits and approved the DNRC-DEQ consent decree on March 24, 2006.

The DEQ is proceeding with remediation activities at the site. These activities recently entailed data collection and summarization, and currently consist of completion of a resource inventory/risk assessment/feasibility study (RI/RA/FS). Pursuant to the consent decree, the State of Montana is liable for 27.5% of invoiced remediation costs. Upon completion of the RI/RA/FS, DEQ will evaluate the alternative remediation methods, select the remediation option that optimally meets the goals and objectives for remediation under the CECRA, and produce a record of decision (ROD). This, in turn, provides the basis upon which to prepare a detailed site remediation plan and solicit bid proposals for the selected remediation plan. The DEQ estimates these project tasks will be complete or nearly complete by FY 2009.

The DEQ invoices liable parties for its costs, unless the costs are covered by other direct sources of funding. The DNRC-TLMD's settlement agreement with the DEQ resulted in a negotiated settlement of \$126,890 for the State's share of costs invoiced through December 31, 2004. The department has already paid \$50,000 of this obligation. Per the settlement agreement, the state is responsible for 27.5% of invoiced costs after January 1, 2005.

The state's share of remediation costs through final design and contracting is estimated to total approximately \$990,000. This grant request is intended to cover a portion of the department's share of invoiced costs through FY 2009.